

1. CONTRACT COVERAGE PROCEDURES

TABLE OF CONTENTS

<u>Annual Employer Statement and Telephone Directory</u>	C2
<u>County School Coverage</u>	C3
<u>Optional Contract Provisions for County Schools</u>	C4
<u>County School Contract Amendment Procedures</u>	C6
<u>CalPERS Website-Optional Benefit Listing and Amendment Procedures</u>	C8

ANNUAL EMPLOYER STATEMENT AND TELEPHONE DIRECTORY

INTRODUCTION

The Annual Employer Statement is a listing of benefits unique to your agency and is frequently required to complete CalPERS forms. The information listed is derived from your agency's contract with CalPERS.

Expect to receive the Annual Employer Statement in the summer of each year.

The headings are grouped for convenience in locating specific information. If the manual refers you to a specific heading that does not appear on your Annual Employer Statement, the item does not apply to your agency.

This statement will be sent to your office annually. **Please** replace it as promptly as possible to insure accurate completion of CalPERS forms. Additional Annual Employer Statements may be obtained by contacting CalPERS at (888) CalPERS (225-7377).

For quick reference, insert a copy of your current Annual Employer Statement following this page.

CalPERS Employer Contact Center (888) CalPERS (225-7377)

General Information (TDD only) (916) 795-3240

The County Superintendents of Schools were mandated into the California Public Employees' Retirement System, effective July 1, 1949, by the State Legislature (Government Code section 20063). Retirement coverage of CalPERS school members is uniform throughout the State with the exception of those County Superintendent of Schools who have contracted for Two Years Additional Service Credit (Government Code section 20904; see Optional Contract Provisions for County Schools). Effective January 1, 1986, a school district, County Board of Education, County Superintendent of Schools, or a personnel commission of a school district may contract for health insurance coverage through CalPERS (Government Code sections 22856 and 22857; see Health Benefits in CalPERS Programs).

The following provisions which exceed the basic benefit level have been added to the county schools contracts through legislation:

Military Service Credit (Government Code section 20997)

If a member was granted a military leave of absence under Section 20990, entered the military within 90 days of leaving the agency and returned within 6 months of his/her discharge, the agency will pay all the contributions for the absence.

1959 Survivor Benefits (Government Code section 21574.7)

Members covered by the 1959 Survivor Benefit are not covered by Social Security. This benefit consists of a monthly allowance payable to eligible family members if the member's death occurs during employment.

Sick Leave Credit (Government Code section 20963)

Employees who became members prior to July 1, 1980, will receive additional service credit at the rate of 0.004 years for each day of unused sick leave. This benefit is not applicable to any person who becomes a member on or after July 1, 1980. This includes individuals who terminated their membership prior to July 1, 1980, whether or not they redeposit for that service after July 1, 1980.

Sick Leave Credit (Government Code section 20963.5)

Credit for unused sick leave is applicable to all school members who retire after January 1, 1999. At retirement, each member will receive 0.004 years of service credit for each day of unused sick leave. Credit for unused sick leave is not applicable to persons employed on or after July 1, 1980, who retire prior to January 1, 1999.

Retired Death Benefit (Government Code section 21623)

This section provides that the death benefit paid to beneficiaries of retired members will be \$2,000.

Post-Retirement Survivor Allowance (Government Code sections 21629 and 21630)

The Post-Retirement Survivor Allowance benefit provides that upon the death of a member after retirement for service or disability, an allowance shall be continued to the surviving spouse/domestic partner. For service retirement, the spouse must be married to the member for one year prior to the member's retirement and be married continuously to the date of the retired member's death. For a disability retirement, the surviving spouse/domestic partner need only be married to the member at retirement and remained married until the date of the member's death. Natural or adopted unmarried children under age 18 are eligible if the member has no eligible spouse. The children will receive this monthly benefit until their marriage or age 18. An unmarried child who was disabled prior to age 18 and whose disability has continued, without interruption, will receive this benefit until the disability ends or until their marriage. Qualifying dependent parents are eligible if the member has no eligible spouse or eligible children.

OPTIONAL CONTRACT PROVISIONS FOR COUNTY SCHOOLS

1. Optional Membership for Part-Time Employees [Government Code section 20325]

Regular part-time employees who are excluded from CalPERS membership because they work less than an average of 20 hours per week (pursuant to Government Code section 20305) may individually elect to become members if a County Superintendent of Schools, a school district, or a community college district adopts a resolution and transmits it through the County Superintendent of Schools to the CalPERS Board. The resolution will not be effective until received by CalPERS. A sample resolution may be obtained from CalPERS, Contract Maintenance Unit.

Compulsory Social Security coverage will result for regular part-time employees regardless of whether they elect to join CalPERS.

Individuals who elect membership will have the same contribution rate as other employees in the same member classification. Individuals may exercise their membership election rights anytime while in employment. Individuals who become members may purchase previously excluded part-time service.

Employer Cost: School districts subject to this benefit must pay Social Security contributions for their part-time employees in addition to CalPERS contributions (if the member elects to join CalPERS).

Employee Cost: See description above.

2. School Police as "School Safety Members" [Government Code section 20444]

A school district or community college district which has a police department, pursuant to Education Code section 39670 or 72330, may enter into a contract with CalPERS to reclassify those employees whose principal duties consist of active law enforcement as "school safety member." The reclassification is retroactive to the date the employee was employed as a school police officer.

Adoption of this provision will result in the district providing benefits identical to those provided to school members on January 1, 1990, in addition to one of the safety retirement formulas listed in the Optional Benefits Listing found in this section on pages C3-C5.

Districts may also provide any of the optional benefits listed which are available to "local safety members."

To initiate the process to enter into a contract, refer to the Contract Amendment Procedures (PERS-CON-41) available on the CalPERS web site.

Employer Cost: Valuation required.

Employee Cost: The employee contribution rate will depend upon the safety retirement formula provided. Members, subject to a safety formula other than the 2% @ 50 formula, will have the right to elect to remain school members rather than school safety members should they determine that the reclassification will be to their disadvantage.

Risk Pooling

Risk pooling is the process of combining assets and liabilities across employers to produce large risk sharing pools. These risk sharing pools will help reduce or eliminate the large fluctuations in the employer's contribution rate caused by unexpected demographic events. CalPERS has been working toward implementing risk pools since 1995 and completed the implementation for public agencies in the fall of 2004.

Assembly Bill 1974 of the 2001-2002 Legislative session (which added Sections 20840, 20841, and 20842 to the California Government Code) allowed the CalPERS Board to create risk pools and mandate public agency participation in those pools. Article 7.6 was added to Title 2 of the California Code of Regulations establishing the criteria for participation into risk pools.

All public agency rate plans with an active membership of less than 100 active members in the June 30, 2003 actuarial valuation were mandated to participate in one of the public agency risk pools. The first pooled employer rate for the mandated rate plans is for the fiscal year 2005-2006. Other public agency rate plans are allowed to join one of the risk pools on a voluntary basis. Voluntary participation can be effective at the earliest on July 1, 2005.

For additional information visit the CalPERS Website at www.calpers.ca.gov or contact the Employer Contact Center at (888) CalPERS (225-7377).

OPTIONAL CONTRACT PROVISIONS FOR COUNTY SCHOOLS

3. Two Years Additional Service Credit (Government Code section 20904)

A County Superintendent of Schools may amend its contract to grant up to two years additional service credit to school members if the following conditions exist:

- a. The member is employed in a job classification or other organizational unit designated by the County Superintendent of Schools and retires within the period designated by the County Superintendent of Schools. (This benefit cannot be provided on the basis of employee organization or non-represented groups.) The designated period must be subsequent to the amendment date and cannot be less than 90 days nor more than 180 days in length;
- b. The County Superintendent of Schools must transmit an amount to the Retirement Fund that is the actuarial equivalent of the difference between the allowance the member would receive under this section and the allowance the member would receive without this section;
- c. The County Superintendent of Schools must certify that the retirements under this section will either: (1) result in a net savings to the district or county superintendent of schools, or (2) result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the designated job classification, resulting from the curtailment of, or change in the manner of performing its services.

In order to be eligible to receive this service credit, the employees must already have at least five years service credit. Because the member must be in employment status with the County Superintendent of Schools (office or their school district) during the designated period, the retirement date cannot be the first day of the designated period. A member cannot receive credit under this section if he/she receives any unemployment insurance payments during the designated period. If the retired member subsequently re-enters

membership, the additional service credit is forfeited.

Employer Cost: This amendment does not affect the employer contribution rate since the cost of the benefit is payable in lump sum. The cost of the benefit will be calculated after the expiration of the designated period, and after the additional service credit has been credited to all eligible members. To avoid interest charges, payment in full must be made within 30 days of the billing date. Otherwise, four payments, including interest, will be scheduled within a two-year period from the billing date with the minimum of annual installments.

Employee Cost: None.

COST ESTIMATE FACTORS TWO-YEARS ADDITIONAL SERVICE CREDIT

Following is a chart which may be used to estimate the cost of providing the two years additional service credit benefit. Multiply the total annual pay rate for each person by the corresponding factor (always use the full-time pay rate). The result is the approximate cost of the benefit.

Miscellaneous Members (2% @ 55 Formula)	
Ages	
50-54	0.42
55-59	0.57
60-64	0.59
65-69	0.54

NOTE: In addition, there is a \$10.00 valuation fee for each member who retires during the designated period and receives the additional service credit.

COUNTY SCHOOL AMENDMENT PROCEDURES

The procedures for contracting for Government Code section 20904 are as follows:

1. The County Superintendent of Schools must request to amend its CalPERS contract to provide Section 20904. An authorized representative may call or write to request the necessary documents. (Individual districts must work in conjunction with the County Superintendent's Office to insure that information provided to CalPERS is correct.)
2. The Contract Maintenance Unit will provide the Resolution of Intention and other documents to be adopted by the governing body. Government Code section 7507 requires that cost implications incurred by an increase in retirement benefits must be made public at a public meeting at least two weeks prior to the adoption of the final resolution. The County Superintendent of Schools will establish a designated period and identify the district and/or classifications or groups eligible for the additional service credit. **If the Resolution does not identify a specific district and/or classifications, all employees who retire during the designated period will receive the additional service credit.**
3. In addition to providing a Certification of Publication of Costs, the County Superintendent will be required to:
 - a. Certify that because of an impending curtailment of, or change in the manner of performing service, the best interests of the County Superintendent of Schools would be served by granting such additional service credit.
 - b. Certify that it is the intention at the time Section 20904 becomes operative that the retirements under this section will either: (1) result in a net savings to the district or County Superintendent of Schools, or (2) result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least 1 percent of the designated job classification, resulting from the curtailment of, or change in the manner of performing, its services.
4. The Government Code provides that the final documents, which actually amend the agency's contract, cannot be adopted by the governing body earlier than 20 days following the adoption of the Resolution of Intention documents. Upon receipt of the properly adopted Resolution of Intention, with the required certifications, The Contract Maintenance Unit will send the final documents and instructions.
5. After the contract has been amended to include Section 20904, the County Superintendent of Schools may provide an additional designated period for granting two-years additional service credit for school members. **The Contract Maintenance Unit provides the resolution and documents necessary to establish additional designated periods upon request from the Office of the County Superintendent of Schools.** If the Resolution does not identify a specific district and/or classifications, all employees who retire during the designated period will receive the additional service credit. The school districts within that county may request the Superintendent of Schools to pass a resolution to establish a designated period for certain classifications within that school district. Since CalPERS contracts with the County Superintendent of Schools and not the individual school districts, all correspondence requesting designated periods and the resulting resolutions must come through the Office of the Superintendent of Schools. Any number of designated periods may be established
6. After the expiration of each designated period, the Office of the County Superintendent of Schools will be notified of the actual cost of the additional two-years of service credit which was granted to the eligible members who retired during that period. Payment in full may be remitted within 30 days to avoid an interest charge; or four payments, including interest charges, will be scheduled within a two-year period from the billing date with the minimum of annual installments.

4. \$3,000, \$4,000, or \$5,000 Retired Death Benefit

(Government Code section 21623.6)

The lump sum death benefit paid to beneficiaries of retired members will be \$3,000, \$4,000 or \$5,000. This benefit would be applicable to deaths occurring after the effective date of the contract amendment.

The actuarial valuation request must specify the selected benefit amount.

The benefit must be applicable to all districts under the jurisdiction of the County Superintendent.

Employer Cost: Valuation required.

Member Cost: None.

Any questions on these procedures should be directed to the Employer Contact Center at (888) CalPERS (225-7377) or visit the CalPERS Website at www.calpers.ca.gov.

PUBLIC AGENCY CONTRACT AMENDMENT PROCEDURES

An updated Optional Benefits Listing (PERS-CON-40) and Contract Amendment Procedures are now available online at the California Public Employees' Retirement System (CalPERS) web site.

To find these documents on the web site, please follow the instructions below:

- Access CalPERS On-Line at www.calpers.ca.gov
- Click on "For Employers" tab
- Click on your employer type button
- Click "Next" at the bottom
- Click on "Confirm"
- From the Menu on the left, click on Benefit Programs & Contracting Services
- Click on 2004 Circular Letters
- Click Retirement Benefit Program
- Click Contract Information
- Click on "Optional Benefits Listing," (PERS-CON-40); or
- Click on "Contract Amendment Procedures," (PERS-CON-41)